

Message Text

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PAGE 01 KINGST 06183 041947Z
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 EB-08 L-03 OMB-01 TRSE-00
COME-00 SP-02 CIAE-00 DODE-00 INR-10 NSAE-00
PA-02 ICA-20 CEA-01 EUR-12 /079 W
-----100192 051751Z /41

R 041856Z AUG 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 2712

UNCLAS KINGSTON 6183

E.O. 11652: N/A
TAGS: EFIN, JM
SUBJECT: BANK OF SURREY CEASES COMMERCIAL OPERATIONS

REF: A. KINGSTON 0471 B. KINGSTON 0542 C. KINGSTON 0626

1. THE GOJ-OWNED BANK OF SURREY, FORMERLY THE BANK OF MONTREAL, CEASED COMMERCIAL BANKING OPERATIONS ON JULY 31 AFTER LESS THAN FIVE MONTHS IN BUSINESS. ACCORDING TO AN ARTICLE PUBLISHED IN THE DAILY GLEANER OF JULY 21, THE CHAIRMAN AND MANAGING DIRECTOR OF THE BANK, ESMOND KENTISH, SAID AN AGREEMENT HAS BEEN REACHED BETWEEN THE BANK AND NATIONAL COMMERCIAL BANK JAMAICA LIMITED FOR THE PURCHASE OF THE LOAN PORTFOLIO WHICH AMOUNTS TO SOME J\$6 MILLION. DEPOSITORS IN THE BANK OF SURREY HAVE BEEN ASKED TO TRANSFER THEIR ACCOUNTS TO THE BANK OF THEIR CHOICE, OR OTHERWISE TO CLOSE THEIR ACCOUNTS.

2. THIS BRINGS TO FOUR THE NUMBER OF BANKS CLOSED (WITH A TOTAL OF NINE RETAIL BRANCHES) SINCE NOVEMBER 1977 BECAUSE OF FAILURE TO OPERATE PROFITABLY. THE BANKS INVOLVED ARE: FIRST NATIONAL BANK OF CHICAGO (JAMAICA) LTD. (REF.A.) WHICH CLOSED ALL FOUR OF ITS RETAIL BRANCHES (AND MAINTAINS ONLY WHOLESALE BANKING OPERATIONS), CHASE MERCHANT BANK LTD. (REF.B.), AND FIRST NATIONAL
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PAGE 02 KINGST 06183 041947Z

CITY BANK (REF.C.) WHICH CLOSED THREE OF ITS EIGHT RETAIL BRANCHES. THERE ARE NOW SEVEN COMMERCIAL BANKS WITH BRANCHES OPERATING IN JAMAICA, NAMELY: FIRST NATIONAL CITY BANK (5 BRANCHES - U.S. PRIVATELY OWNED), BANK OF NOVA SCOTIA (JAMAICA) LTD. (50 BRANCHES - JAMAICAN AND CANADIAN PRIVATELY OWNED), ROYAL BANK JAMAICA LTD. (16 BRANCHES - JAMAICAN AND CANADIAN PRIVATELY OWNED), BANK OF COMMERCE JAMAICA LTD.

(13 BRANCHES - JAMAICAN AND CANADIAN PRIVATELY OWNED),
JAMAICA CITIZENS BANK (6 BRANCHES - U.S. AND JAMAICAN
PRIVATELY OWNED), NATIONAL COMMERCIAL BANK JAMAICA LTD.
(33 BRANCHES - GOJ-OWNED) AND WORKERS SAVINGS AND LOAN
BANK (11 BRANCHES - GOJ AND PUBLICLY OWNED).

3. BACKGROUND: ON FEBRUARY 28, 1978, THE GOJ WAS ASKED
TO TAKE OVER THE OPERATIONS OF THE BANK OF MONTREAL.
THE GOJ ACQUIRED ALL THE ASSETS AND LIABILITIES OF THE
BANK FOR A NOMINAL \$1.00 AND CHANGED ITS NAME TO BANK OF
SURREY.
IRVING

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CLOSURE OF OFFICES, COMMERCIAL BANKS, BUSINESS LOSSES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KINGST06183
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780321-1076
Format: TEL
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780898/aaaadeoo.tel
Line Count: 74
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: adfa356a-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 KINGSTON 471
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1838208
Secure: OPEN
Status: NATIVE
Subject: BANK OF SURREY CEASES COMMERCIAL OPERATIONS
TAGS: EFIN, JM
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/adfa356a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014